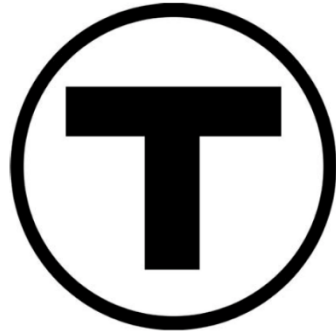




**Massachusetts Bay
Transportation Authority**

Wholesale Electricity Procurement 2026

June Board Presentation

Summary and Purpose

- Informational presentation on the MBTA's wholesale energy procurements
- Overview of the wholesale market, the current MBTA wholesale contract and renewable energy certificate contract, the 2026 energy market outlook and proposed re-procurement process
- Seeking pre-authorization for the GM to enter into a new wholesale electricity contract



Key concepts and terms

- The wholesale energy market is managed at the regional level by ISO-New England, the regional grid operator. There are 2 major wholesale markets:
 - The “**Day Ahead Market**” is where power is bought and sold the day before it’s delivered, which sets a grid load forecast based on which generators get scheduled to produce electricity.
 - The “**Spot Market**” is the real-time energy market that handles last-minute adjustments because of weather conditions and demand changes that deviate from the forecasted load schedule.



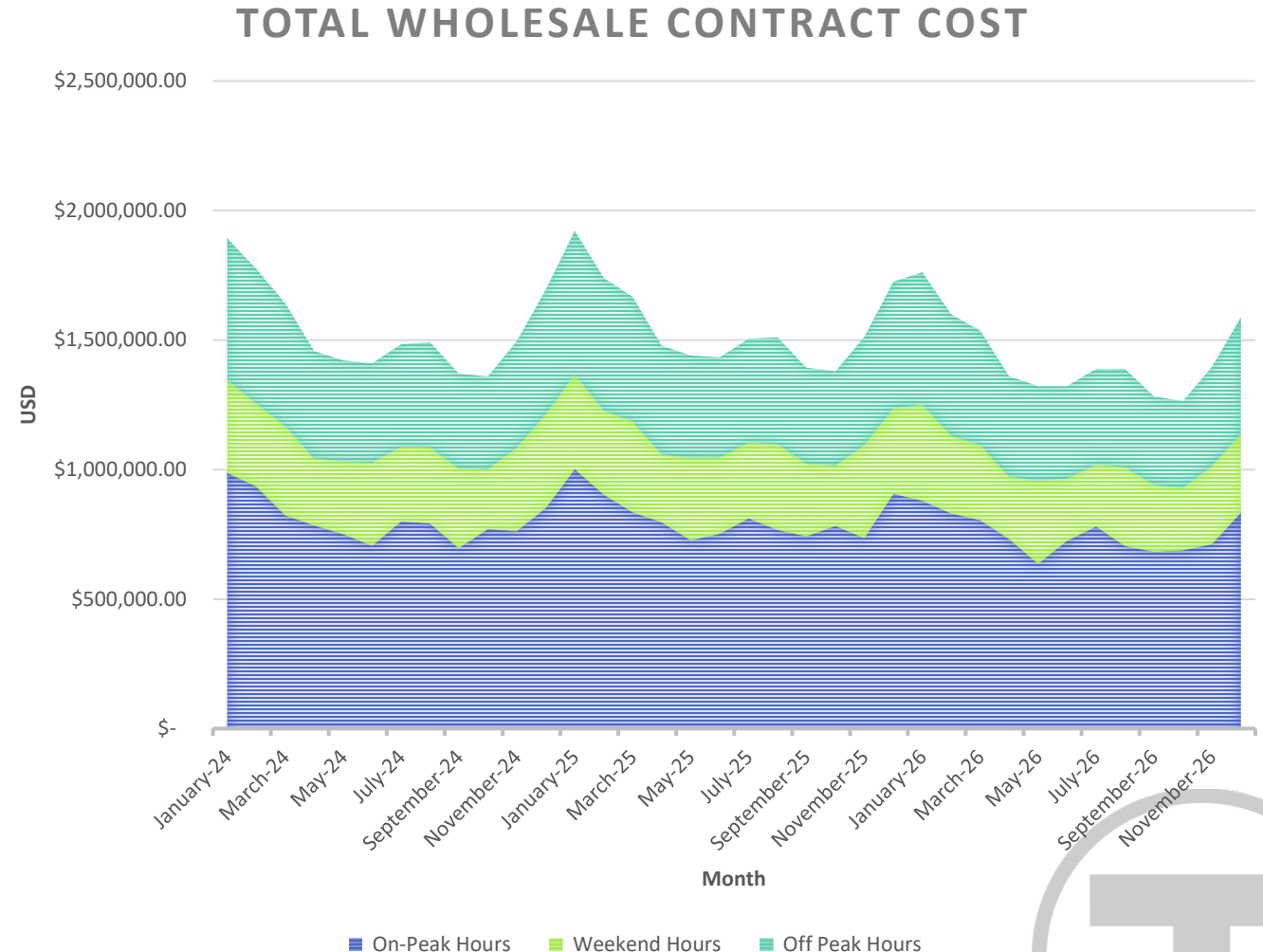
MBTA Wholesale Electricity

- The MBTA is **authorized to purchase wholesale** power at lowest reasonable cost to provide public transit services in an efficient, reliable and economic manner.
 - Wholesale accounts for 92% of MBTA electricity use.
- To promote budget stability and limit exposure to high prices of volatile energy markets, the MBTA splits its power procurement:
 - 70% of MBTA historical electrical load on the Day Ahead Market.
 - This allows us to set the price for that "block" of our load for the duration of the contract, which is called a **"fixed block power contract"**.
 - 30% on the Spot Market.
 - Real-time pricing tends to be lower than the Day Ahead Market but is more volatile.
- To procure the 70% block, we go out to bid for electricity supply and execute a **Day Ahead Fixed Block Power Contract** with qualified bidder(s).



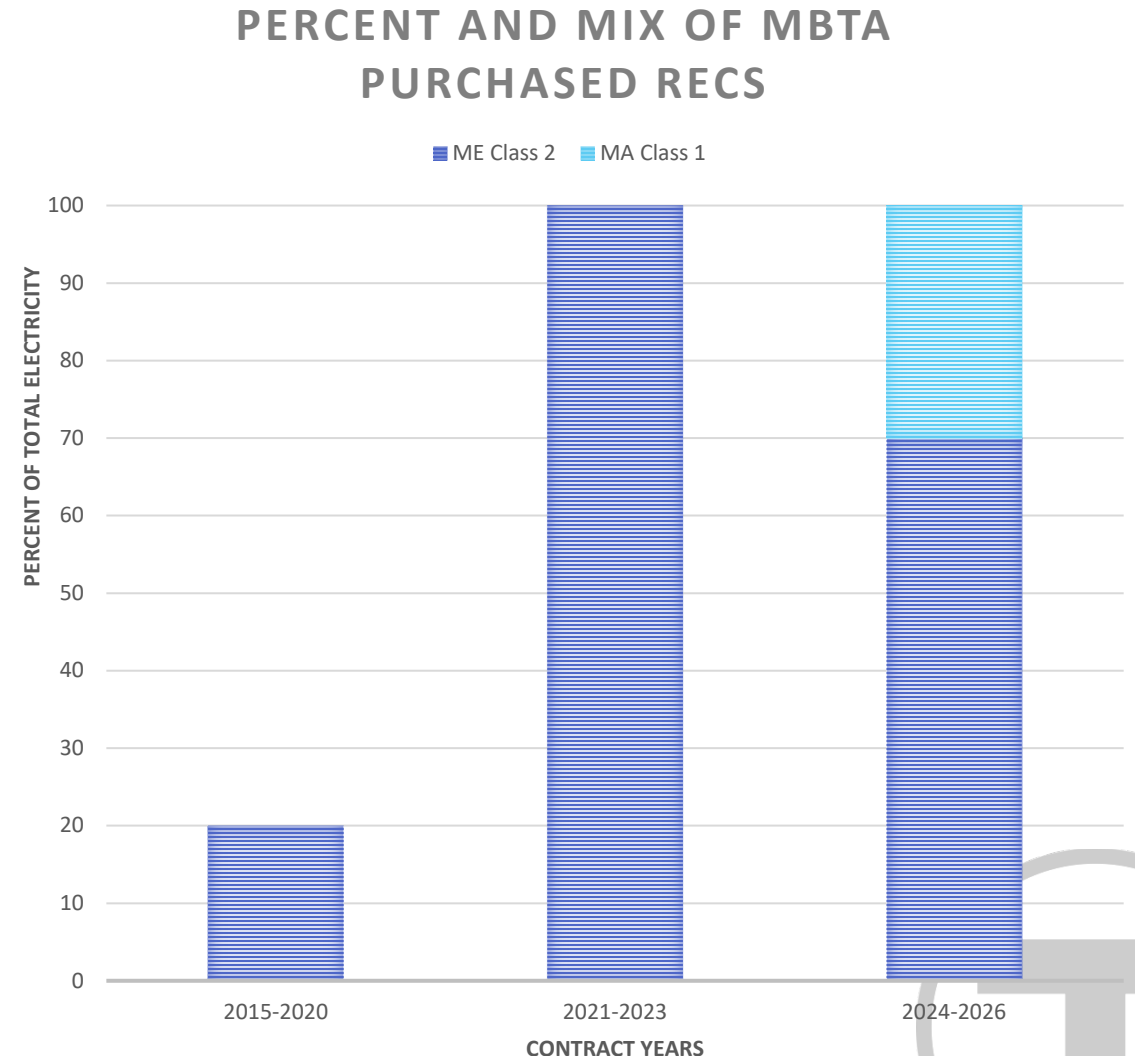
Current Wholesale Electricity Contract

- In 2023, we executed a 3-year contract (CY2024-CY2026) with BP Energy with a fixed price per megawatt-hour (MWh)
 - \$18 million annual cost
 - \$54 million total contract value over 3 years
- We have up to two (2) 1-year options for a total contract length of five years.
 - Costs escalate in the option years
 - 1-year option price projection = \$85.15/MWh: +18%



MBTA Current Renewable Energy Certificate (REC) Contract

- MBTA does not have a renewable energy mandate but started voluntarily procuring RECs in 2015
 - 20% starting in 2015
 - 100% starting 2021
 - Note: We have procured RECs in tandem with wholesale electricity but could uncouple them.
- Current contract with Skyview Finance LLC
- 3-year contract (CY24-CY26) with two 1-year options (up to 5 years)
- \$6M annual expense
 - 30% MA Class 1 (Wind & Solar) at \$39.83/MWh
 - 70% ME Class 2 (Hydro) at \$6.75/MWh
 - NB: Regional REC prices are relatively stable.



2026 Wholesale Energy Market Outlook

- Global energy prices in MA are **historically high and highly volatile**.
- ISO-NE Spot Market futures are showing a “backwardated” curve, in which prices in 2027 are more expensive than in the outyears (2028-2030)
 - Current contract price = \$72.08/MWh
 - 1-year option price projection = \$85.15/MWh: +18%
 - Futures 3-year contract price projection = \$76.71/MWh: +6.4%
 - Futures 4-year contract price projection = \$73.66/MWh: +2.2%
- The MBTA is preparing to **go out to bid for a new contract** rather than exercising options.
 - If we exercise an option but electricity prices continue to increase, then the MBTA may have missed an opportunity to “lock in” a relatively low electricity price.



Proposed Procurement Process

- Today: Seeking Board pre-authorization for the GM to enter a wholesale electricity contract and REC contract value not to exceed \$175M.
- July: Develop final procurement documents for Fixed Block Contract, informed by energy market intelligence reports.
- August: Issue RFQ to qualify vendors.
- Late August: Sign Master Agreements with each qualified vendor
- Late August/early September: Bids requested from qualified vendors.
 - Electricity prices tend to reach seasonal lows in late August/early September
- Bid Day (TBD, likely early September): Price bids are held for 24 hours during which the GM must award the contract.



Pre-Authorization of GM

- **IT IS VOTED:**
- To authorize the General Manager/CEO of the Massachusetts Bay Transportation Authority to execute an Agreement, following the completion of a competitive procurement process, in an amount not-to-exceed \$175,000,000, for the purchase of wholesale electricity for a term up to five (5) years and to execute any necessary or ancillary documents in the name and on behalf of the Massachusetts Bay Transportation Authority to effectuate this Agreement.

